

AR34

FORTY-FIFTH ANNUAL REPORT

ROYALITE OIL COMPANY, LIMITED

1965



ROYALITE OIL COMPANY, LIMITED

1965 ANNUAL REPORT

CONTENTS

Highlights of the Year	2
Report to the Shareholders	3
Financial Statements	6
Auditors' Report	12
Directors and Officers	13
Comparative Statistical Summary	14
Product Display	16

THE ANNUAL MEETING OF SHAREHOLDERS

The Annual and Special General Meeting of the Shareholders will be held at the Head Office of the Company at 11:00 a.m. on Tuesday, April 26, 1966.



ROYALITE BUILDING
CALGARY, ALBERTA

HIGHLIGHTS OF THE YEAR

FINANCIAL

	1965	1964
Operating revenue	\$66,320,409	\$43,797,867
Net earnings	2,743,824	3,073,432
Working capital	7,266,918	8,600,409
Property, plant and equipment (net)	37,546,659	31,545,837
Earnings retained and employed in the business	18,079,454	15,550,950

OPERATING

	1965	1964
Crude oil — Company net (bbls.)	1,677,726	1,746,348
Natural gasoline (bbls.)	377,000	431,357
Propane (gals.)	5,380,486	5,985,532
Natural gas sales (Mcf)	15,913,802	19,019,671
Sales of gasoline, heating oil and diesel fuels (gals.)	177,577,995	122,974,552
*Number of marketing outlets	1,823	763

*Includes 216 outlets operated for Anglo-Canadian Oils Limited in 1965

FORTY - FIFTH ANNUAL REPORT

TO THE SHAREHOLDERS

Net earnings of Royalite Oil Company, Limited in 1965 were \$2,743,824 compared with \$3,073,432 in the previous year. Earnings before taxes were improved, but taxes on income increased \$1,068,000 primarily due to the fact that taxes in 1964 were reduced by the carry forward of losses incurred in prior years.

RE-ORGANIZATION

The Report to Shareholders last year outlined the agreements effective January 1, 1965, for the planned re-organization affecting all phases of Royalite's operations. During 1965, this re-organization was completed.

The Company's exploration, production, gas plant and pipe line facilities were operated by The British American Oil Company Limited. Royalite has a participating interest in all unproven properties acquired by British American since January 1, 1965. In its management capacity, British American is responsible for exploration, evaluation, and development of Royalite's previously held properties. It was also granted the use and occupancy of Royalite's refineries at Saskatoon and Kamloops.

Royalite has undertaken to manage the marketing operations of Anglo-Canadian Oils Limited, thus expanding its area of activities to Manitoba and Western Ontario through 162 service stations and 54 bulk plants. The Company acquired the assets of Purity 99 Oil Ltd. adding 575 service stations and 282 farm agencies to establish a comprehensive coverage of the Prairie market.

Accounting procedures were centralized at the Company's Head Office with a common credit card issued to customers, including those of predecessor companies. Staffs of companies involved were re-assigned to meet the requirements of the consolidated organization. Royalite's attractive new emblem was erected at all marketing pre-

mises and a full line of lubricants, tire, battery and accessory products were introduced in re-designed packaging. The new Royalite franchise was received with enthusiasm by the Company's service station operators and agents.

As a result of the re-organization, anticipated economies were achieved in production, manufacturing, supply and distribution functions. With many additional outlets operating through a broadened geographical area, Royalite is now able to play a major role in petroleum marketing throughout Western Canada.

FINANCIAL

Production earnings declined slightly. Although expenses were reduced, plant volumes, crude oil and condensate production and pipeline throughput were lower. The purchase of Purity 99 Oil Ltd. assets materially aided in the improvement of earnings from marketing. Non-recurring costs in connection with marketing re-organization, with the exception of signs for service stations and agencies, were charged to earnings.

Capital additions during the year amounted to \$9,084,709 compared with \$2,691,668 last year. The net increase in long-term debt was \$2,937,473 after payments during the year and the issuing of a \$5,000,000 five-year term note due an affiliated company arising from the purchase of Purity 99 assets. Working capital decreased \$1,536,951 to \$7,266,918. Earnings retained in the business were \$18,079,454 compared with \$15,550,950 in the previous year.

EXPLORATION AND DEVELOPMENT

The Company participated in the drilling of 38 wells in 1965. Five were completed as oil wells, thirteen as gas wells, one was testing at the year end, one was suspended and eighteen were abandoned.

Two of the oil wells were located in the Peco area of Central Alberta and three in Southeastern Saskatchewan. The gas wells were located in Alberta, two of which were in the Edson field, six in the East Calgary field, two in the Harmattan Elkton field and three in Eastern Alberta.

Of particular significance was the acquisition of acreage during the year in which the Company holds an interest. Offshore permits, consisting of over 1,000,000 acres in the Strait of Georgia, British Columbia, were obtained. A seismic survey was conducted on these permits in 1965. Offshore permits of 1,311,453 acres were acquired in the Northwest Territories as well as 446,002 acres of petroleum and natural gas reservations in Northern Alberta and 310,574 acres of petroleum and natural gas permits in Saskatchewan.

Net unproven land at December 31, 1965, totalled 428,405 acres compared with 252,216 acres at the end of 1964. Net proven acreage increased slightly over the same period from 55,353 acres to 55,618 acres.

PRODUCTION AND PIPELINES

Net crude and condensate production amounted to 1,677,726 barrels compared with 1,746,348 barrels in 1964.

Gas and water injection rates into the Turner Valley field were increased to comply with the Alberta Oil and Gas Conservation Board's order to balance withdrawals and also with the objective to increase oil production by pressure maintenance.

The Snipe Lake oil field, in which the Company has a 3.7% participation, was unitized effective March 1, 1965. A full-scale water injection program commenced in the same month is expected to substantially increase recovery of reserves.

Net gas produced and sold was 11,909,927 Mcf compared with 11,763,664 Mcf in 1964. Gas sales, including gas purchased from others, totalled 15,913,802 Mcf.

Company plants in Turner Valley recovered 377,000 barrels of absorption gasoline compared with 431,357 barrels in the previous year and

5,380,486 gallons of propane. Sulphur recovery, including the Company's share of production from plants in unitized fields, amounted to 8,150 long tons compared with 11,034 long tons in 1964. The reduction in plant products is primarily due to increased injection of gas from oil wells for pressure maintenance.

The Edson gas processing plant, in which the Company owns a 5.3% interest, was completed and sales of gas to Trans-Canada Pipe Lines Limited commenced in November, 1965. Initial deliveries from the plant are at an average rate of 100 million cubic feet per day.

The South Sibbald gas field, in which the Company has a 24.5% interest, was unitized effective February 1, 1965.

At the year end, the Company owned interests in 952 oil wells and 286 gas wells. The net interest owned by the Company was equivalent to 157 oil wells and 82 gas wells.

In 1965, a total of 8,082,294 barrels of crude oil, condensate and absorption gasoline was handled by the Company's pipeline systems compared to 9,400,276 barrels in the previous year. The reduction was due principally to decreased throughputs of pipelines servicing the Saskatoon and Kamloops refineries.

REFINING

The Saskatoon and Kamloops refineries were adequately maintained during the year with no major capital expenditures required. As a result of a national labour dispute, both refineries were closed during the last quarter of 1965. The Kamloops refinery resumed operation in February.

MARKETING

As described earlier in this report, the marketing facilities of the Company were greatly expanded during the year. Royalite's attractive and distinctive new emblem has been erected at 1,823 controlled outlets from the Great Lakes in the East to Vancouver Island in the West.

Sales volumes were higher through marketing outlets, including those acquired during the year. Improvement in refined product prices occurred in some marketing areas during the last half of 1965.

In the spring, the Company introduced a full line of lubricants in re-designed packaging depicting Royalite's new emblem. At mid-year, a new high quality premium motor oil "Hallmark" was announced and received strong consumer response. Before the year end, the Company had commenced distribution of a full line of tires and batteries. Automotive accessory and chemicals bearing the Royalite brand name were introduced. Emphasis on diversification will be continued to open the way to increased profits for the Company and its dealers.

The coverage of the Company's sponsored weekly half-hour television and radio program, commenced three years ago, was expanded in line with its broadened marketing area.

OUTLOOK

New records were established in most phases of the Canadian oil and natural gas industry during the year and further expansion is foreseen in 1966.

Production of crude oil and natural gas liquids averaged approximately 922,000 barrels per day in 1965, an 8.2% increase over the average of 852,000 barrels per day in 1964. Sales of natural gas averaged 2.7 billion cubic feet per day compared with 2.4 billion cubic feet per day in 1964.

In 1966 crude oil and natural gas liquids production is expected to average 965,000 barrels per day and natural gas sales are expected to increase to an average of 2.9 billion cubic feet per day.

Royalite's increase in recovery of absorption gasoline and propane during 1966 is expected to offset decreases in crude oil and condensate production. It is forecast that natural gas sales will improve due, primarily, to a full year's gas delivery from the Edson field.

During 1965, the Canadian National Energy Board granted permits to three companies to export an additional 3,356 billion cubic feet of natural gas from Canada to the United States during the next 24 years. One permit is for 1,614 billion cubic feet at an average rate of 205 million cubic feet per day. Another permit is for 109.5 billion cubic feet at a rate of 20 million cubic feet per day. Decisions on applications to import these volumes to the United States are being awaited from the Federal Power Commission. The third permit was for 1,632 billion cubic feet at an average rate of 186 million cubic feet per day.

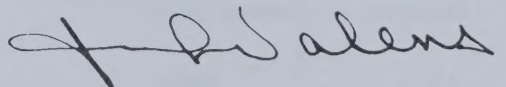
Syncrude Canada Limited, in which Royalite owns a 10% interest, continued research in the oil sands during the year.

The buoyant Western Canadian economy is expected to continue well into 1966 with expansion projected in the lumbering, mining, road building and construction industries. Agricultural income is at a high level. Consumption of refined products is expected to increase moderately during the year and Royalite is confident that it can continue to improve its share of the profitable retail market.

The Directors wish to express their thanks for the guidance provided by Mr. D. S. Lyall, who resigned from the Board during the year. Mr. J. W. Morgan of Toronto was appointed a Director to fill the vacancy.

At the commencement of 1965, 481 employees joined Royalite from affiliated companies. The harmonious efforts of the combined staff and the capable and efficient manner in which they fulfilled their duties, contributed significantly to the success of the re-organization. To the staff, the Directors record their appreciation.

Submitted on behalf of the Board of Directors,



President.

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1965
(WITH COMPARATIVE AMOUNTS FOR 1964)

FUNDS RECEIVED:	1965	1964
Net earnings	\$2,743,824	\$3,073,432
Add—Charges to expense not representing a cash outlay—		
Provision for depreciation, depletion and amortization	2,968,883	2,694,466
Other non-cash items	219,164	(22,697)
Funds provided from operations	5,931,871	5,745,201
Sale of fixed assets	200,245	255,046
	<u>6,132,116</u>	<u>6,000,247</u>
 FUNDS USED:		
Acquisition of non-current assets of Purity 99 Oil Ltd.—		
Property, plant and equipment	6,747,752	
Long term receivables	1,205,074	
	<u>7,952,826</u>	
Less—Non-current liabilities assumed in part consideration—		
Note payable to The British American Oil Company Limited	(5,000,000)	
Mortgages payable	(41,326)	
	<u>2,911,500</u>	
Other additions to property, plant and equipment	2,336,957	2,691,668
Applied to reduce long term debt	1,505,160	1,931,382
Advance of working capital to Anglo-Canadian Oils Limited	535,047	
Investments, mortgage loans and sundry payments	165,083	40,078
Paid under production assignments	—	82,741
Dividends on preferred shares	215,320	215,320
	<u>7,669,067</u>	<u>4,961,189</u>
 INCREASE (DECREASE) IN WORKING CAPITAL	 (1,536,951)	 1,039,058
Working capital at beginning of year	8,803,869	7,764,811
WORKING CAPITAL AT END OF YEAR	<u>\$7,266,918</u>	<u>\$8,803,869</u>

STATEMENT OF CONSOLIDATED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1965
(WITH COMPARATIVE AMOUNTS FOR 1964)

EARNINGS (Note 1)**REVENUES**

	1965	1964
Gross sales and other operating revenues	\$66,320,409	\$43,797,867 ✓
Less—Gasoline and fuel taxes collected	15,421,452	7,187,584 ✓
Net sales and other operating revenues	50,898,957	36,610,283 ✓
Dividends and interest income	564,462	301,908 ✓
Other income	79,703	10,319 ✓
	<u>51,543,122</u>	<u>36,922,510</u>

DEDUCTIONS

Purchased crude oil, petroleum products, etc., including freight	25,535,071	14,788,959 ✓
Operating, selling and administrative expenses	13,846,262	12,571,046 ✓
Taxes on income (Note 2)	1,680,000	612,000 ✓
Other taxes	3,685,015	2,280,697 ✓
Depreciation, depletion and amortization (Note 3)	2,968,883	2,694,466 ✓
Interest and amortization of discount on long term debt	1,083,464	899,621 ✓
Income applicable to minority interests in a subsidiary	603	2,289 ✓
	<u>48,799,298</u>	<u>33,849,078</u>
EARNINGS FOR THE YEAR	<u><u>\$ 2,743,824</u></u>	<u><u>\$ 3,073,432</u></u>

RETAINED EARNINGS

	1965	1964
Balance beginning of year	\$15,550,950	\$12,692,838
Earnings for the year	2,743,824	3,073,432
	<u>18,294,774</u>	<u>15,766,270</u>
Dividends	215,320	215,320
Balance end of year (Note 4)	<u><u>\$18,079,454</u></u>	<u><u>\$15,550,950</u></u>

CONSOLIDATED BALANCE SHEET

(WITH COMPARATIVE FIGURES)



ASSETS

CURRENT:

	1965	1964
Cash	\$ 784,824	\$ 509,313
Government of Canada bonds, at cost (Market value \$1,531,155)	1,530,605	2,342,445
Other marketable securities, at cost (Market value \$3,326,979)	3,311,566	1,936,187
Accounts receivable	8,891,933	6,064,059
Due from affiliated companies	480,120	155,224
Inventories—(Note 5)		
Crude oil	60,454	574,001
Products	2,613,663	2,585,253
Materials and supplies	271,212	507,487
Prepaid expenses	206,573	203,460
Total current assets	18,150,950	14,877,429

INVESTMENTS AND LONG TERM RECEIVABLES:

Investment in other companies, at cost—		
With quoted market value (\$8,000)	10,000	10,000
Without quoted market value	360,185	354,265
Advance to affiliated company	535,047	
Deposits, sundry investments and long term receivables	1,750,797	653,074
	2,656,029	1,017,339

PROPERTY, PLANT AND EQUIPMENT: (Note 6)

Assets	85,521,276	73,033,468
Less—Accumulated depreciation, depletion and amortization	47,974,617	41,487,631
	37,546,659	31,545,837

DEFERRED CHARGES:

Unamortized expense on long term debt	82,057	90,263
---	--------	--------

EXCESS OF COST OVER VALUES ASSIGNED

TO NET TANGIBLE ASSETS, less amortization	1,963,294	1,993,284
	<u>\$60,398,989</u>	<u>\$49,524,152</u>

MPANY, LIMITED

COMPANIES

AS AT DECEMBER 31, 1965

ANCES FOR 1964)

LIABILITIES

CURRENT:

	1965	1964
Accounts payable and accrued	\$ 2,231,372	\$ 2,084,649
Due to affiliated companies	4,488,227	795,890
Dividend payable	53,830	53,830
Interest accrued on long term debt	59,851	78,081
Income and other taxes	3,017,250	1,428,915
Long term debt due within one year	1,033,502	1,632,195
	<hr/>	<hr/>
Total current liabilities	10,884,032	6,073,560

LONG TERM DEBT (Note 7)	19,240,882	15,704,716
-------------------------------	------------	------------

MINORITY SHAREHOLDERS' INTEREST IN A SUBSIDIARY	17,756	18,061
---	--------	--------

SHAREHOLDERS' EQUITY:

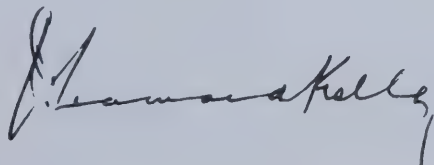
Capital stock —		
Preferred shares of a par value of \$25 each —		
Authorized — 400,000 shares		
Outstanding — 164,053 shares of 200,000 issued as		
5¼% Cumulative Redeemable Preferred Shares,		
First Series (redemption price \$25.25 per share)	4,101,325	4,101,325
Common shares of no par value —		
Authorized — 4,000,000 shares		
Issued — 3,000,342 shares	8,075,540	8,075,540
	<hr/>	<hr/>
	12,176,865	12,176,865
Retained earnings, per accompanying statement	18,079,454	15,550,950
	<hr/>	<hr/>
	30,256,319	27,727,815

ON BEHALF OF THE BOARD:

Director



Director



\$60,398,989

\$49,524,152

NOTES TO FINANCIAL STATEMENTS

1. OPERATING AGREEMENTS:

The following significant changes in operations, aimed at more effective utilization of the combined resources of manpower and facilities of the corporate group of which Royalite forms a part, took place with effect from January 1, 1965:

Royalite acquired the assets of Purity 99 Oil Ltd., an affiliated company engaged in marketing operations, and the operations, of these facilities are reflected in the financial statements.

Royalite contracted to manage and operate the marketing facilities of Anglo-Canadian Oils Limited, an affiliated company. Such operations, while conducted under the Royalite emblem, are carried out on behalf of Anglo-Canadian and are not reflected in the accompanying financial statements except to the extent of the working capital advanced to that company.

Royalite's refining facilities were leased to The British American Oil Company Limited for operation by that company for its own account. British American contracted to supply the entire petroleum product requirements of the expanded marketing operation.

British American contracted to manage and operate for Royalite's account the companies' producing oil and gas properties, pipelines and gas plants and to explore and evaluate Royalite's unproven properties. In addition, the Company was granted a participating interest in all unproven properties acquired after January 1, 1965, by British American. Royalite retains the right to purchase proven property for its own account.

2. INCOME TAXES:

For income tax purposes the companies claim the maximum capital cost allowance permitted under the regulations rather than depreciation charged in the accounts. The cost of producing wells and of leases, reservations and permits acquired after April 10, 1962, which are capitalized in the accounts and charged against earnings on a unit of production or other amortization basis, are claimed in the year of expenditure or as soon thereafter as possible. Capital cost allowances exceed depreciation charged in the accounts resulting in reductions of income tax of \$215,000 in 1965 and \$1,895,000 to date; the corresponding reduction for the 1964 year was \$220,000 and income taxes for that year were further reduced by \$550,000 by applying losses of prior years.

3. DEPRECIATION, DEPLETION AND AMORTIZATION:

Depreciation, depletion and amortization in the statement of consolidated earnings consists of—

	1965	1964
Depreciation of plant and equipment	\$2,031,769	\$1,631,199
Depletion of acquisition costs of productive properties	155,032	171,906
Amortization of non-producing properties, drilling costs and other intangible assets	782,082	891,361
	<u>\$2,968,883</u>	<u>\$2,694,466</u>

Policies governing depreciation, depletion and amortization are as follows -

- (a) Exploration and development costs—The companies follow the practice of charging to expense as incurred the costs of dry holes and exploration expenditures except the acquisition costs of oil and gas properties. These latter costs, together with the costs of successful wells, are capitalized and charged against earnings on a unit of production or other amortization basis.
- (b) Investment in plants and equipment—Charges are made against earnings for depreciation of investment in plants and equipment based on engineering reviews of the remaining service life of the assets using either the straight line or the unit of production method, whichever is appropriate.

4. RESTRICTION ON DIVIDENDS:

Under the terms of the Company's Trust Indenture, the amount of retained earnings available for the payment of dividends on common shares is restricted to consolidated net earnings since August 31, 1955, plus \$800,000 after deducting dividends declared on preferred shares.

5. INVENTORIES:

Inventories of crude oil, refined oils and merchandise are valued generally at the lower of average cost applied on the "first-in, first-out" basis, or market value determined on the basis of replacement cost or net realizable value. Materials and supplies are valued at cost or less depending on the condition of the items.

6. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are stated at cost with the exception of assets purchased at net book value from Purity 99 Oil Ltd., an affiliated company, in 1965 for \$6,747,752. The original cost to the affiliate (\$10,994,197) has been capitalized and the depreciation recorded by the affiliate (\$4,246,445) has been added to accumulated depreciation.

	ASSETS	ACCUMULATED DEPRECIATION DEPLETION AND AMORTIZATION	NET 1965	NET 1964
Production	\$41,714,312	\$25,164,945*	\$16,549,367	\$16,360,319
Bituminous sands project	2,542,071	—	2,542,071	2,452,707
Pipelines	5,164,164	3,816,371	1,347,793	1,508,069
Manufacturing	16,438,920	10,450,415	5,988,505	6,233,096
Marketing	18,558,802	8,037,085	10,521,717	4,418,386
Other	1,103,007	505,801	597,206	573,260
	<u>\$85,521,276</u>	<u>\$47,974,617</u>	<u>\$37,546,659</u>	<u>\$31,545,837</u>

* Includes accumulated depletion of \$4,980,041 with respect to acquisition costs of productive properties.

7. LONG TERM DEBT:

	DECEMBER 31	
	1965	1964
Royalite Oil Company, Limited —		
4 ³ / ₈ % Serial Debentures, Series A, due December 1, 1965	\$ —	\$ 550,000
4 ³ / ₄ % Sinking Fund Debentures, Series B, due December 1, 1975	13,622,000	13,872,000
5 % Sinking Fund Debentures, Series C, due December 1, 1972	1,378,000	1,578,000
Total Debentures — \$1,000,000 to be redeemed December 1 each year and balance in 1975	15,000,000	16,000,000
4 ¹ / ₄ % First Mortgage Serial Bonds, Series A, due January 15, 1965	—	610,000
	15,000,000	16,610,000
5 ¹ / ₂ % Note payable to The British American Oil Company Limited, due December 1, 1970	5,000,000	—
Other long term obligations of the consolidated companies	274,384	726,911
Less — Payments due within one year shown as current liabilities	20,274,384 1,033,502	17,336,911 1,632,195
	<u>\$19,240,882</u>	<u>\$15,704,716</u>

8. LONG TERM LEASES:

Rental obligations of the consolidated companies at December 31, 1965, for buildings and service stations under long term leases amount to \$1,507,844 per annum. The rental revenue expected to be derived from the leasing of such premises approximates \$770,536 per annum.

9. STATUTORY INFORMATION:

The remuneration of directors, including salaried officers who are directors, amounted to \$101,498 in 1965.

AUDITORS' REPORT

PRICE WATERHOUSE & CO.

To the Shareholders of **ROYALITE OIL COMPANY, LIMITED**

We have examined the consolidated balance sheet of Royalite Oil Company, Limited and subsidiary companies as at December 31, 1965 and the statements of consolidated earnings for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated earnings present fairly the financial position of Royalite Oil Company, Limited and subsidiary companies as at December 31, 1965 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying consolidated statement of source and use of funds for the year ended December 31, 1965 and, in our opinion, it presents fairly the changes in consolidated working capital for the year.

Calgary, Alberta
January 31, 1966

Price Waterhouse & Co.

Chartered Accountants

ROYALITE OIL COMPANY, LIMITED

DIRECTORS

GEORGE E. EDWORTHY
CHARLES HAY
J. HOWARD KELLY, Q.C.
W. C. MAINWARING, O.B.E.
F. O. MEIGHEN, Q.C.
J. W. MORGAN
J. A. SCOBIE
C. A. STOLLERY
R. L. THOMPSON
J. LAWSON VALENS
D. S. WOODMAN

LEGAL COUNSEL

E. J. CHAMBERS, Q.C., Calgary, Alberta

AUDITORS

PRICE WATERHOUSE & CO.

OFFICERS AND ADMINISTRATIVE MANAGEMENT

CHARLES HAY Chairman of the Board
J. LAWSON VALENS President
R. L. THOMPSON Vice-President
J. A. SCOBIE Vice-President
H. OGSTON Vice-President
R. C. SMITH Secretary
R. C. CONDON Treasurer
D. S. ROBERTSON Controller

OPERATING SUBSIDIARIES

MADISON NATURAL GAS COMPANY LIMITED

owns a gas gathering system and plant for the purification of natural gas in the Turner Valley field of Alberta.

ROYALITE OIL COMPANY INC.

a Corporation of the State of Delaware, operates Royalite's interests in the United States.

SASKATOON PIPE LINE COMPANY LIMITED

owns a 56-mile pipeline from Interprovincial Pipe Line to the Company refinery at Saskatoon, Saskatchewan. (97% ownership)

CORPORATE INFORMATION

REGISTRARS

THE ROYAL TRUST COMPANY

Calgary, Alberta; Vancouver, British Columbia; Winnipeg, Manitoba; Toronto, Ontario; Montreal, Quebec; Halifax, Nova Scotia.

EMPIRE TRUST COMPANY,

New York City, New York, U.S.A.

TRANSFER AGENTS

THE CANADA TRUST COMPANY,

Vancouver, British Columbia; Winnipeg, Manitoba; Toronto, Ontario.

MONTREAL TRUST COMPANY,

Calgary, Alberta; Montreal, Quebec; Halifax, Nova Scotia.

THE BANK OF NEW YORK,

New York City, New York, U.S.A.

DIVIDEND DISBURSING AGENT

THE CANADA TRUST COMPANY,

Toronto, Ontario.

STOCK EXCHANGE LISTINGS

CALGARY STOCK EXCHANGE, VANCOUVER STOCK EXCHANGE, TORONTO STOCK EXCHANGE, MONTREAL STOCK EXCHANGE.

COMPARATIVE STATISTICAL SUMMARY

	1965	1964	1963	1962
Operating revenue	\$66,320,409	\$43,797,867	\$39,979,481	\$40,407,108
Net earnings (loss)	2,743,824	3,073,432	2,653,467	2,688,954
Per common share (After preferred stock dividends) ..	84.3¢	95.3¢	81.3¢	82.4¢
Dividends paid:				
Preferred stock	215,320	215,320	215,320	215,320
Per share	\$1.3125	\$1.3125	\$1.3125	\$1.3125
Common stock	—	—	—	—
Per share	—	—	—	—
Working capital	7,266,918	8,600,409	7,499,979	7,181,541
Capital expenditure	8,919,149	2,538,717	3,391,732	3,561,515
★ Exploration				
Capital expenditure	165,560	152,951	219,364	208,691
Expense	659,552	525,408	559,847	398,744
Property, plant and equipment (net)	37,546,659	31,545,837	31,683,464	30,651,255
Number of employees	826	690	657	597
Net acreage held:				
Proven	55,618	55,353	49,444	36,176
Unproven	428,405	252,216	257,069	302,772
Production:				
Crude oil—Company net (bbls.)	1,677,726	1,746,348	1,637,726	1,626,992
Per day	4,597	4,771	4,487	4,458
Propane (gals.)	5,380,486	5,985,532	6,455,796	6,367,855
Natural gasoline (bbls.)	377,000	431,357	472,763	460,621
Sulphur (tons)	8,150	11,034	13,280	10,057
Natural gas sales (Mcf)	15,913,802	19,019,671	20,643,014	21,594,939
Sales of refined products (gals.)	193,851,000	146,404,000	129,300,000	124,653,000
*Number of marketing outlets	1,823	763	741	723

★ Work performed by others for Royalite account is excluded.

* Includes 216 outlets operated for Anglo-Canadian Oils Limited in 1965.

1961	1960	1959	1958	1957	1956
\$38,626,934	\$30,532,790	\$29,513,898	\$29,233,523	\$30,516,001	\$25,794,560
2,143,777	1,041,621	637,681	(1,635,285)	577,964	435,560
65.2¢	28.0¢	14.3¢	(62.7¢)	12.2¢	6.1¢
215,320 \$1.3125	215,320 \$1.3125	215,320 \$1.3125	215,320 \$1.3125	217,346 \$1.3125	256,616 \$1.3125
—	—	—	191,902 6.5¢	766,805 26.0¢	750,544 26.0¢
8,085,102 2,717,039	7,216,293 1,584,352	7,147,849 770,134	2,263,572 1,735,283	2,677,920 5,111,964	5,670,478 5,761,334
101,770 566,066	41,676 642,884	1,274 817,415	164,993 1,666,283	501,588 1,451,701	191,536 1,799,060
29,259,553	29,461,868	30,732,422	34,982,950	37,884,364	36,148,386
630	668	730	854	967	870
35,540 367,247	34,558 550,187	30,731 683,523	40,029 1,071,139	39,402 1,396,992	32,413 1,736,747
1,478,281 4,050	1,213,710 3,325	1,618,432 4,434	1,792,494 4,910	2,310,514 6,330	2,322,940 6,364
5,771,004 458,555 8,487	5,753,876 416,936 8,158	4,345,483 426,812 9,284	5,626,281 363,946 9,236	5,269,950 390,628 11,050	5,725,811 417,077 11,640
21,587,143	20,925,552	24,142,406	22,414,795	20,998,251	22,239,270
127,430,000	119,456,000	115,936,000	121,476,000	144,662,000	155,000,000
738	723	642	596	549	457



— a display of Royalite products introduced during 1965 in re-designed packaging. Design has been co-ordinated with the service and product emblem for instant company recognition.

